



UNITED STATES ENVIRONMENTAL PROTECTION AGENCY

REGION IX

75 Hawthorne Street
San Francisco, CA 94105-3901

Certified Mail

Return Receipt Requested 7013 1090 0000 1618 0560

June 3, 2016

Bob Bond
California Resources Corporation
10800 Stockdale Highway
Bakersfield, CA 93311

Dear Mr. Bond:

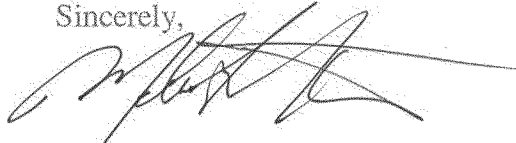
I am writing to follow up on EPA's letter of August 31, 2015, at which time we notified California Resources Corporation (CRC) that we would defer our evaluation of a Class I Aquifer Exemption (AE) request for the Elk Hills Power (EHP) Plant injection wells (currently operated by CRC) pending the state's resolution of CRC's request for a Class II-related AE in the Tulare Formation of the Elk Hills Field. In that letter, we also strongly encouraged CRC to more thoroughly evaluate other potential options for injection at the Elk Hills Power Plant site, including deeper injection wells that would not require consideration of an AE. Subsequent to our August letter, we have not received any additional information or analysis regarding alternate injection options at the Elk Hills Power Plant, nor are we aware of any resolution with the state regarding CRC's request for a Class II aquifer exemption. As such, it is appropriate that we revisit the situation with the EHP Class I wells at this time.

As you are aware, Class II-related aquifer exemption requests require action by the California Division of Oil, Gas, and Geothermal Resources (DOGGR) and the State Water Board before an aquifer exemption is proposed to EPA. Regulations promulgated by DOGGR in 2015 require that all Class II injection into non-exempt aquifers must cease by February 15, 2017, unless an EPA-approved aquifer exemption is in place by that date. EPA will also ensure that Class I injection into non-exempt aquifers ceases expeditiously, consistent with the requirements of the Safe Drinking Water Act, which prohibits such activity.

Given the passage of time since our August 2015 letter, without resolution of the Class II AE request or presentation of injection alternatives, I request that CRC promptly identify and present to EPA options for its injection wells that do not require or rely upon an aquifer exemption to achieve compliance in a timely manner. I request a meeting to discuss CRC's potential options and proposed approach within the next 2-3 weeks.

Please contact me at (415) 972-3438 or you may call David Albright, Manager of the Drinking Water Protection Section, at (415) 972-3971 to arrange a date and time of mutual convenience. Thank you for your prompt attention and I look forward to meeting with you soon to discuss these matters.

Sincerely,

A handwritten signature in black ink, appearing to read 'Michael Montgomery', with a stylized, flowing script.

Michael Montgomery
Assistant Director, Water Division

cc: Ken Harris, State Oil and Gas Supervisor, CA DOGGR
Jonathan Bishop, Chief Deputy Director, CA SWRCB
Bill Bartling, Deputy, CA DOGGR Inland District
Clay Rodgers, Assistant Executive Officer, Central Valley RWQCB